

**COPY**

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**E-filing**

8 UNITED STATES DISTRICT COURT  
 9  
 10 NORTHERN DISTRICT OF CALIFORNIA

11 SAN FRANCISCO DIVISION

**CV 08**

Case No.

12 SECURITIES AND EXCHANGE COMMISSION,

13 Plaintiff,

14 vs.

15 HONG LIANG LU and MICHAEL J. SOPHIE,

16 Defendants.

CONSENT OF DEFENDANT HONG LIANG  
 LU TO ENTRY OF FINAL JUDGMENT

17  
 18 1. Defendant Hong Liang Lu waives service of a summons and the complaint in this  
 19 action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the  
 20 subject matter of this action.

21 2. Without admitting or denying the allegations of the complaint (except as to personal  
 22 and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of  
 23 the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference  
 24 herein, which, among other things, orders Defendant to pay a civil penalty in the amount of \$100,000  
 25 under Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)].

26 3. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement  
 27 or indemnification from any source, including but not limited to payment made pursuant to any  
 28 insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final

1 Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution  
2 fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim,  
3 assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any  
4 penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such  
5 penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit  
6 of investors.

7 4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule  
8 52 of the Federal Rules of Civil Procedure.

9 5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the  
10 Final Judgment.

11 6. Defendant enters into this Consent voluntarily and represents that no threats, offers,  
12 promises, or inducements of any kind have been made by the Commission or any member, officer,  
13 employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

14 7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with  
15 the same force and effect as if fully set forth therein.

16 8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if  
17 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby  
18 waives any objection based thereon.

19 9. Defendant waives service of the Final Judgment and agrees that entry of the Final  
20 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its  
21 terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty  
22 days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration  
23 stating that Defendant has received and read a copy of the Final Judgment.

24 10. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted  
25 against Defendant in this civil proceeding. Defendant acknowledges that no promise or  
26 representation has been made by the Commission or any member, officer, employee, agent, or  
27 representative of the Commission with regard to any criminal liability that may have arisen or may  
28 arise from the facts underlying this action or immunity from any such criminal liability. Defendant

1 waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the  
 2 imposition of any remedy or civil penalty herein.

3       11. Defendant understands and agrees to comply with the Commission's policy "not to  
 4 permit a defendant or respondent to consent to a judgment or order that imposes a sanction while  
 5 denying the allegation in the complaint or order for proceedings." 17 C.F.R. § 202.5. In compliance  
 6 with this policy, Defendant agrees: (i) not to take any action or to make or permit to be made any  
 7 public statement denying, directly or indirectly, any allegation in the complaint or creating the  
 8 impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent,  
 9 Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation  
 10 in the complaint. If Defendant breaches this agreement, the Commission may petition the Court to  
 11 vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph  
 12 affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in  
 13 litigation or other legal proceedings in which the Commission is not a party.

14       12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small  
 15 Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from  
 16 the United States, or any agency, or any official of the United States acting in his or her official  
 17 capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs  
 18 expended by Defendant to defend against this action. For these purposes, Defendant agrees that  
 19 Defendant is not the prevailing party in this action since the parties have reached a good faith  
 20 settlement.

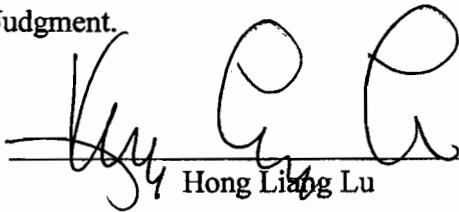
21       13. In connection with this action and any related judicial or administrative proceeding or  
 22 investigation commenced by the Commission or to which the Commission is a party, Defendant (i)  
 23 agrees to appear and be interviewed by Commission staff at such times and places as the staff  
 24 requests upon reasonable notice; (ii) will accept service by mail or facsimile transmission of notices  
 25 or subpoenas issued by the Commission for documents or testimony at depositions, hearings, or  
 26 trials, or in connection with any related investigation by Commission staff; (iii) appoints Defendant's  
 27 undersigned attorney as agent to receive service of such notices and subpoenas; (iv) with respect to  
 28 such notices and subpoenas, waives the territorial limits on service contained in Rule 45 of the

1 Federal Rules of Civil Procedure and any applicable local rules, provided that the party requesting the  
2 testimony reimburses Defendant's travel, lodging, and subsistence expenses at the then-prevailing U.S.  
3 Government per diem rates; and (v) consents to personal jurisdiction over Defendant in any United  
4 States District Court for purposes of enforcing any such subpoena.

5 14. Defendant agrees that the Commission may present the Final Judgment to the Court  
6 for signature and entry without further notice.

7 15. Defendant agrees that this Court shall retain jurisdiction over this matter for the  
8 purpose of enforcing the terms of the Final Judgment.

9  
10 Dated: January 28, 2008

  
Hong Liang Lu

11 Approved as to form:  
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13

14 Boris Feldman, Esq.  
15 Wilson Sonsini Goodrich & Rosati P.C.  
16 650 Page Mill Road  
17 Palo Alto, CA 94304  
18 Telephone: 650-493-9300  
19 Facsimile: 650-493-6811

20 Attorney for Defendant HONG LIANG LU  
21

22 Submitted by:  
23  
24

25 Marc J. Fagel  
26 Cary S. Robnett  
27 Tracy L. Davis  
28 Steven D. Buchholz  
29 44 Montgomery Street, Suite 2600  
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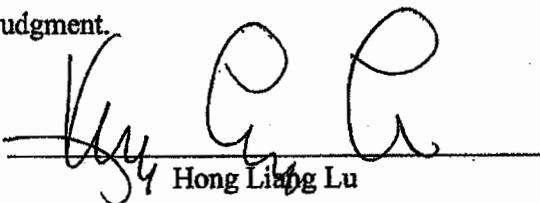
33 Attorneys for Plaintiff  
34 SECURITIES AND EXCHANGE COMMISSION  
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18 Attorney for Defendant HONG LIANG LU

19 Submitted by:  
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28 SECURITIES AND EXCHANGE COMMISSION

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

## SAN FRANCISCO DIVISION

SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,  
.vs.  
HONG LIANG LU and MICHAEL J. SOPHIE,  
Defendants.

Case No.

[PROPOSED] FINAL JUDGMENT AS TO  
DEFENDANTS HONG LIANG LU AND  
MICHAEL J. SOPHIE

19 The Securities and Exchange Commission having filed a Complaint and Defendants Hong  
20 Liang Lu and Michael J. Sophie having entered a general appearance; consented to the Court's  
21 jurisdiction over Defendants and the subject matter of this action; consented to entry of this Final  
22 Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction);  
23 consented to the exercise by a magistrate judge of civil jurisdiction over this matter; waived findings  
24 of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant Lu shall pay a civil penalty in the amount of \$100,000 pursuant to Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)]. Defendant Lu shall make this payment within ten (10) business

1 days after entry of this Final Judgment by certified check, bank cashier's check, or United States  
2 postal money order payable to the Securities and Exchange Commission. The payment shall be  
3 delivered or mailed to the Office of Financial Management, Securities and Exchange Commission,  
4 Operations Center, 6432 General Green Way, Mail Stop O-3, Alexandria, Virginia 22312, and shall  
5 be accompanied by a letter identifying Hong Liang Lu as a defendant in this action; setting forth the  
6 title and civil action number of this action and the name of this Court; and specifying that payment is  
7 made pursuant to this Final Judgment. Defendant Lu shall pay post-judgment interest on any  
8 delinquent amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant  
9 to this paragraph to the United States Treasury.

## 10 II.

11 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
12 Sophie shall pay a civil penalty in the amount of \$75,000 pursuant to Section 21(d)(3) of the  
13 Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)]. Defendant Sophie shall make this payment  
14 within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's  
15 check, or United States postal money order payable to the Securities and Exchange Commission. The  
16 payment shall be delivered or mailed to the Office of Financial Management, Securities and  
17 Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop O-3, Alexandria,  
18 Virginia 22312, and shall be accompanied by a letter identifying Michael J. Sophie as a defendant in  
19 this action; setting forth the title and civil action number of this action and the name of this Court;  
20 and specifying that payment is made pursuant to this Final Judgment. Defendant Sophie shall pay  
21 post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission  
22 shall remit the funds paid pursuant to this paragraph to the United States Treasury.

## 23 III.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consents are  
25 incorporated herein with the same force and effect as if fully set forth herein, and that Defendants  
26 shall comply with all of the undertakings and agreements set forth therein.

1 IV.  
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5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
6 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.  
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Dated: \_\_\_\_\_, 2008

6 UNITED STATES DISTRICT JUDGE  
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